



Climate-related Financial Disclosure

Project summary

In February 2023, the AASB added a separate project to its work program to develop climate-related financial disclosure requirements for Australia to address the demand for such requirements while permitting the Board sufficient time to redeliberate its approach to its Sustainability Reporting project.

In October 2023, the AASB published ED SR1 *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information* for public comment.

In September 2024, the AASB voted to issue its two inaugural Australian Sustainability Reporting Standards, the voluntary Standard AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and the mandatory Standard AASB S2 *Climate-related Disclosures*.

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Project priority: High

Issued Standards

- AASB S1 [General Requirements for Disclosure of Sustainability-related Financial Information](#)
- AASB S2 [Climate-related Disclosures](#)

AASB Outreach

- Submissions to ED SR1 [closed]
- Submissions to [ED SR2](#) [open]

Project status

- Standard issued
- ED SR2 Open for Comment

Educational materials

- [AASB S2 Knowledge Hub & FAQs](#)
- [Overview of Australian Sustainability Reporting Standards](#)

The staff of the AASB have prepared this summary for information purposes only. The Board decisions described are tentative and do not change current accounting pronouncements unless otherwise indicated. Official positions of the AASB are determined only after extensive due process and deliberations. While this summary is regularly updated, it does not provide a comprehensive review or statement of events and should not be treated as such.

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**May 2025
(M212)**

IFRS Foundation Educational Material

The Board noted the AASB staff analysis of non-authoritative educational material from the IFRS Foundation on applying IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* when reporting only climate-related disclosures in accordance with IFRS S2 *Climate-related Disclosures*. The educational material serves a function similar to that of Appendix D of AASB S2.

[9.3](#) Staff Paper: Comparison of AASB S2 Appendix D with IFRS Foundation educational material on applying IFRS S1 when reporting only climate disclosures under IFRS S2

**November 2024
(M210)**

Not-for-Profit Public Sector Entities

The Board discussed IPSASB Sustainability Reporting Standard Exposure Draft SRS ED 1 *Climate-related Disclosures*. The IPSASB developed the ED based on IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. The Board observed the following key differences between the IPSASB SRS ED 1 proposals and AASB S2 *Climate-related Disclosures*:

- (a) IPSASB SRS ED 1 proposes the disclosure of climate-related risks and opportunities that could reasonably be expected to affect the long-term fiscal sustainability of an entity. This implies an objective broader than the objective of AASB S2, which is to require disclosure of information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term; and
- (b) IPSASB SRS ED 1 proposes disclosure of information about the climate-related public policy programs for which an entity is responsible and their outcomes, including climate-related impacts on the economy, environment and people.

The Board noted that these are major differences from the requirements of AASB S2 and took the view that it would be premature for the Board to address such significant matters in the context of its current climate-related disclosure project objective. The Board therefore decided not to comment on the IPSASB ED.

The Board decided to undertake a research project to investigate both the information needs of users of climate-related financial information of not-for-profit public sector entities and guidance that might be needed to assist such entities to apply AASB S2. As part of this project, the Board plans to consider the results of initiatives of governments in Australia to introduce mandatory climate-related disclosures for their public sector entities.

[7.0](#) Cover Memo: Climate-related financial disclosure requirements for NFP public sector entities

[7.4](#) Staff Paper: Proposed next steps and timeline

**20 September
2024 (M209)**

Inaugural Sustainability Standards Approved

The Board voted to issue its two inaugural Australian Sustainability Reporting Standards, the voluntary Standard AASB S1 *General Requirements for Disclosure of Sustainability-related*

Financial Information and the mandatory Standard AASB S2 *Climate-related Disclosures*. This follows the passage of the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024* through the Federal Parliament, which empowered the Board to issue sustainability standards.

Application

The Treasury Laws Amendment Act amends the *Corporations Act 2001* to introduce sustainability reporting requirements for certain classes of entities. The amendments set out which entities are required to comply with (mandatory) sustainability standards issued by the AASB and specify three initial application dates for the various classes of entities: financial years beginning on or after 1 January 2025, 1 July 2026 and 1 July 2027. To accommodate these legislative requirements, AASB S2 applies to annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information*

AASB S1 is a voluntary Standard, as it has not been issued by the Board for the purposes of the Corporations Act. It has the same scope and content as IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, except for some transition reliefs, which have been modified or omitted to align with the Standard's voluntary status. It also includes several Australian-specific paragraphs referring to general purpose financial reports of not-for-profit (NFP) entities and their primary users, to assist NFP entities electing to apply AASB S1.

AASB S1 has an effective date of annual reporting periods beginning on or after 1 January 2025, with earlier application permitted, to be consistent with the effective date of AASB S2.

AASB S2 *Climate-related Disclosures*

AASB S2 is a mandatory Standard, applying under the Corporations Act. It incorporates all requirements of IFRS S2 *Climate-related Disclosures*, with modifications only in respect of the following matters:

- (a) general requirements for disclosure of climate-related financial information – AASB S2 includes an Australian-specific appendix, Appendix D *General requirements for disclosure of climate-related financial information*. Appendix D incorporates paragraphs drawn from AASB S1 but expressed in the context of climate-related financial disclosures, so that AASB S2 can function as the standalone mandatory Standard containing all the requirements regarding climate-related financial disclosures. An entity applying AASB S2 is required to apply Appendix D but is not required to apply AASB S1;
- (b) avoiding unnecessary duplication of disclosures – AASB S2 paragraphs Aus7.1 and Aus26.1 clarify that the requirements set out in paragraphs 7 and 26 (which are about avoiding unnecessary duplication of disclosures) apply particularly if an entity elects to apply AASB S1 to disclose information about other sustainability-related risks and opportunities in addition to climate-related risks and opportunities;
- (c) consolidated entity sustainability reporting – paragraphs Aus20.1 and AusB38.1 in AASB S2 Appendix D specify that an entity's climate-related financial disclosures shall be for the same reporting entity as the related financial statements *unless*

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otherwise permitted by law, given the reporting option available to parent entities under the amendments to the Corporations Act;

- (d) consideration and disclosure of industry-based information – AASB S2 omits the definition of “disclosure topic” from Appendix A *Defined terms* and modifies or omits the industry-based requirements set out in IFRS S2 paragraphs 12, 23, 28(b), 32, 37, B65(d) and B67. An entity applying AASB S2 is not required to disclose industry-based metrics or to consider those disclosure topics defined in the *Industry-based Guidance on Implementing IFRS S2* issued by the ISSB;
- (e) users of an NFP entity’s general purpose financial report – paragraph AusA1 in AASB S2 Appendix A requires an NFP entity to refer to the descriptions of “general purpose financial reports” and “primary users of general purpose financial reports” in the *Framework for the Preparation and Presentation of Financial Statements* when applying AASB S2, rather than the definitions of those terms in Appendix A. Paragraphs AusB14.1 and AusB15.1 in AASB S2 Appendix D provide related guidance for NFP entities; and
- (f) referencing external documents – consistent with the *Legislation Act 2003*, AASB S2 specifies the relevant versions of non-legislative Australian documents and foreign documents referenced in the Standard, such as the latest international agreement on climate change (i.e. the Paris Agreement) and the Global Industry Classification Standard (GICS).

[3.0](#) Cover Memo: Climate-related Financial Disclosures

[3.1](#) Staff Paper: Legislation – Consideration of recent changes and related matters

[3.2](#) Staff Paper: Due process considerations

[3.3](#) Ballot draft of Standard AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information*

[3.4A](#) Ballot draft of Standard AASB S2 *Climate-related Disclosures*, excluding the Basis for Conclusions

[3.5](#) Marked-up file: Changes made to IFRS S1 text in the ballot draft of AASB S1

[3.6](#) Marked-up file: Changes made to IFRS S2 text in the ballot draft of AASB S2

August 2024 (M207)

Finalisation of Australian Sustainability Reporting Standards

The Board discussed working drafts of its two inaugural Australian Sustainability Reporting Standards. The Board decided to revise the titles and numbering of the Standards to AASB S1 General Requirements for Disclosure of Sustainability-related Financial Information and AASB S2 Climate-related Disclosures to align with the IFRS Sustainability Disclosure Standards.

AASB S1 will be a voluntary Standard. It will have the same scope and content as IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information except for some transition reliefs, which have been modified or omitted to align with the Standard’s voluntary status. The Board decided to include several paragraphs referring to

general purpose financial reports of not-for-profit (NFP) entities and their primary users to assist NFP entities electing to apply AASB S1. These paragraphs are the same as those already included in the draft AASB S2 – as described in paragraph (e) below.

AASB S2 will be a mandatory Standard. It will incorporate all requirements of IFRS S2 Climate-related Disclosures, with modifications only in respect of the following matters:

- (a) general requirements for disclosure of climate-related financial information – to add Appendix D *General Requirements for Disclosure of Climate-related Financial Information* to AASB S2 to incorporate IFRS S1 paragraphs that are necessary to enable AASB S2 to function as the standalone mandatory Standard containing all the requirements regarding climate-related financial disclosures;
- (b) avoiding unnecessary duplication of disclosures – to modify the requirements set out in IFRS S2 paragraphs 7 and 26 (which assume an entity would comply with both IFRS S1 and IFRS S2) so Issue No: 234 27 August 2024 Page 2 of 4 that an entity applies those requirements only if it elects to voluntarily apply AASB S1 to disclose information about other sustainability-related risks and opportunities in addition to climate-related risks and opportunities;
- (c) consolidated entity reporting under the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024* – to add paragraphs Aus20.1 and AusB38.1 to AASB S2 Appendix D (i.e. modifying the requirements set out in IFRS S1 paragraphs 20 and B38) to specify that an entity’s climate-related financial disclosures shall be for the same reporting entity as the related financial statements *unless otherwise permitted by law*. The paragraphs are subject to change depending on the final provisions of the forthcoming legislation;
- (d) consideration and disclosure of industry-based information – to omit the definition of “disclosure topic” from AASB S2 Appendix A *Defined terms* and to modify or omit the industry-based requirements set out in IFRS S2 paragraphs 12, 23, 28(b), 32, 37, B65(d) and B67;
- (e) users of a not-for-profit entity’s general purpose financial report – to add paragraph AusA1 in AASB S2 Appendix A to require a not-for-profit entity to refer to the definitions of “general purpose financial reports” and “primary users of general purpose financial reports” specified in the *Framework for the Preparation and Presentation of Financial Statements* when applying AASB S2. The Board also added paragraphs AusB14.1 and AusB15.1 in AASB S2 Appendix D to provide related guidance for not-for-profit entities;
- (f) referencing external documents – to specify the relevant versions of external documents directly in AASB S2, such as the latest international agreement on climate change and the Global Industry Classification Standard (GICS), instead of issuing the service Standard [draft] ASRS 101 *References in Australian Sustainability Reporting Standards* proposed in the Exposure Draft ED SR1 *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information*. Both approaches would be consistent with the requirements of the *Legislation Act 2003* in respect of legislative instruments referring to external documents; and
- (g) effective date – to specify the effective date of AASB S2 as periods beginning on or after 1 January 2025, if that is the commencement date of the forthcoming

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legislation. The legislation will set out which entities would be required to comply with AASB S2 and the effective dates for the various groups of subject entities.

The Board will review updated versions of AASB S1 and AASB S2 at a meeting following the passage of the legislation. Therefore, the Board meeting scheduled for 30 August to consider the final versions of the Standards has been deferred to September – the date to be determined in due course.

Industry-based information

The Board also discussed the scope and indicative timing of a new project, *Climate-related Disclosures: Industry-based Information*. The Board decided to commence preliminary consultation with stakeholders in March 2025, with the intention of finalising mandatory requirements for industry-based disclosures by 2030, consistent with the timing indicated in the Treasury Policy Statement [Mandatory climate-related financial disclosures](#) (January 2024). This project will focus on determining the appropriate basis and content of the industry-based disclosures, including assessing the industry-based classification system and the industry-based disclosure topics and metrics set out in the *Industry-based Guidance on Implementing IFRS S2*.

[3.0](#) Cover Memo: Climate-related Financial Disclosures

[3.1.1](#) Staff Paper: Introduction to Agenda Paper 3.1.2

[3.1.2](#) Working draft Standard AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information*

[3.1.3](#) Changes made to IFRS S1 text in Agenda Paper 3.1.2

[3.2.1](#) Staff Paper: Project scoping – Climate-related Disclosures: Industry-based information

[3.2.2](#) Staff Paper: Other matters on climate-related financial disclosures

[3.2.3](#) Staff Paper: Introduction to Agenda Paper 3.2.4

[3.2.4](#) Working draft Standard AASB S2 *Climate-related Disclosures*

[3.2.5](#) Changes made to IFRS S2 text in Agenda Paper 3.2.4

July 2024 (M206)

Redeliberation on Exposure Draft

The Board continued its discussion of the feedback received on [draft] ASRS 1 *General Requirements for Disclosure of Climate-related Financial Information* and [draft] ASRS 2 *Climate-related Financial Disclosures* proposed in Exposure Draft ED SR1 *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information* (October 2023).

The Board considered the modifications to the baseline requirements of the IFRS Sustainability Disclosure Standards proposed in [draft] ASRS 1 and [draft] ASRS 2 (Specific

Matters for Comment (SMCs) 2–8 in ED SR1). In respect of ASRS 1 and ASRS 2, the Board decided to revert to the IFRS Sustainability Disclosure Standards baseline by:

- (a) incorporating the conceptual content of the baseline into the ASRS Standards rather than merely referencing the *Conceptual Framework for Financial Reporting* and the *Framework for the Preparation and Presentation of Financial Statements* (SMC 2);
- (b) omitting paragraphs Aus6.2 of [draft] ASRS 1 and Aus4.2 of [draft] ASRS 2, which proposed requiring an entity that assessed it has no material climate-related risks and opportunities to disclose that fact and explain how it came to this conclusion (SMC 3);
- (c) omitting the proposed requirements for an entity to refer to the *Australian and New Zealand Standard Industrial Classification* (ANZSIC) as the basis for identifying industries when voluntarily making industry-based disclosures (SMC 5);
- (d) omitting the Aus paragraphs of the [draft] ASRS Standards that would have expressly permitted an entity to provide voluntary disclosures based on other relevant frameworks or pronouncements (e.g. the SASB Standards) – which omission would not prevent an entity providing such voluntary disclosures (SMC 6);
- (e) omitting paragraph Aus60.1 of [draft] ASRS 1 that proposed requiring an entity to provide information in a manner that would enable users of general purpose financial reports to locate the disclosures prepared in accordance with ASRS Standards (SMC 7); and
- (f) including paragraphs 69 and B48 of IFRS S1 in the ASRS Standards to address interim-period climate-related financial disclosures provided by an entity (SMC 8).

In respect to the mandatory ASRS 2, the Board decided in considering SMC 5 to depart from the IFRS Sustainability Disclosure Standards at this time by not requiring an entity to:

- (a) refer to and consider the SASB Standards and the IFRS S2 Industry-based Guidance; or
- (b) provide industry-based disclosures.

However, the Board decided to add separate projects to the AASB work plan to consider the suitability of the SASB Standards, IFRS S2 Industry-based Guidance and industry-based disclosure requirements after the ASRS Standards have been finalised.

Not-for-Profit and Public Sector Entities

The Board considered the modifications to the baseline requirements of IFRS S2 *Climate-related Disclosures* proposed in [draft] ASRS 1 and [draft] ASRS 2 for not-for-profit (NFP) entities (SMCs 23–27 in ED SR1). In respect of ASRS 2, the Board decided to:

- (a) not modify the objective of ASRS 2 for NFP entities, by omitting paragraph Aus2.2 of [draft] ASRS 2 and all proposed modifications related to adding the phrase “ability to further its objectives”;
 - (b) require NFP entities to refer to the definition of “primary users of general purpose financial reports” described in the *Framework for the Preparation and Presentation of Financial Statements* when applying ASRS 2; and
 - (c) specify that all entities applying ASRS 2 (i.e. not only NFP entities) would not need to undertake an exhaustive search for information in identifying climate-related risks and opportunities that could reasonably be expected to affect the entity’s
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prospects, by omitting paragraph Aus4.1 of [draft] ASRS 2 and incorporating paragraph B10 of IFRS S1.

In respect to public sector entities (SMCs 28–29 in ED SR1), the Board decided:

- (a) no specific modifications to the baseline of IFRS S2 were warranted for government-owned corporations incorporated under the *Corporations Act 2001* that would be within the scope of the proposed legislative amendments that would require compliance with the AASB’s mandatory ASRS 2; and
- (b) the Board will undertake a project to consider developing additional guidance to assist NFP public sector entities to apply ASRS 2, commencing after finalising ASRS 1 and ASRS 2 by considering the forthcoming IPSASB Exposure Draft on Climate-related Disclosures (expected to be published in October 2024).

The Board considered the feedback received on the General Matters for Comment in ED SR1 and decided that no further standard-setting work is needed in response before finalising ASRS 1 and ASRS 2. However, the Board decided to undertake a project to address scalability and cost-benefit concerns for NFP entities and smaller entities.

After finalising ASRS 1 and ASRS 2, the Board will discuss the priority of the new projects added to its work plan as well as considering whether to develop additional guidance for other aspects of ASRS 2.

[4.0](#) Cover Memo: Climate-related Financial Disclosures

[4.1.0](#) Executive Summary: Agenda Papers 4.1.1 – 4.1.7

[4.1.1](#) Staff Paper: Presenting the core content of IFRS S1 in the ASRS Standards (SMC 1)

[4.1.2](#) Staff Paper: Conceptual content (SMC 2)

[4.1.3](#) Staff Paper: Entities that do not have material climate-related risks and opportunities

[4.1.4](#) Staff Paper: References to the SASB Standards and Industry-based Guidance on Implementing IFRS S2 (SMC 4) and the requirement to consider ANZSIC when voluntarily making industry-based disclosures (SMC 5)

[4.1.5](#) Staff Paper: Statement expressly permitting voluntary disclosures (SMC 6)

[4.1.6](#) Staff Paper: Index Table (SMC 7)

[4.1.7](#) Staff Paper: Interim reporting (SMC 8)

[4.2.0](#) Executive Summary: Agenda Papers 4.2.1 – 4.2.4 regarding NFP entities and public sector entities

[4.2.1](#) Staff Paper: Modification to the objective of [draft] ASRS 2 for NFP entities (SMCs 23–24)

[4.2.2](#) Staff Paper: Proportionality relief paragraphs for NFP entities (SMC 25)

[4.2.3](#) Staff Paper: Scalability of disclosures for NFP entities (SMCs 26–27)

[4.2.4](#) Staff Paper: NFP public sector considerations (SMCs 28–29)

[4.3.0](#) Executive Summary: Agenda Papers 4.3.1 – 4.3.4 regarding ED SR1’s General Matters for Comment

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	4.3.1 Staff Paper: Application of the AASB Sustainability Reporting Standard-Setting Framework (GMC 30) 4.3.2 Staff Paper: Regulatory issues (GMC 31) 4.3.3 Staff Paper: Audit and assurance challenges in relation to ED SR1 (GMC 32) 4.3.4 Staff Paper: [Draft] ASRS Standards providing useful information for users and being in the best interests of the economy (GMCs 33–34) 4.3.5 Staff Paper: Costs and benefits of applying the proposals in ED SR1 (GMC 35)
26 June 2024 (M205)	Redeliberation on Exposure Draft The Board continued its discussion of the feedback received on [draft] ASRS 2 <i>Climate-related Financial Disclosures</i> as proposed in Exposure Draft ED SR1 <i>Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information</i> (October 2023). The Board decided to make changes to the requirements proposed in ED SR1 so that the following aspects of ASRS 2 would be consistent with the baseline of IFRS S2 <i>Climate-related Disclosures</i>: (a) climate-related scenario analysis – to omit paragraphs Aus22.1 and Aus22.2 of [draft] ASRS 2, which proposed requiring an entity to assess climate resilience against at least two relevant possible future states, including one consistent with the most ambitious global temperature goal set out in the <i>Climate Change Act 2022</i>, and clarifying the disclosure requirements; (b) cross-industry remuneration metrics – to omit paragraph Aus29.1 of [draft] ASRS 2, which referred to the ‘key management personnel’ and ‘compensation’ definitions in AASB 124 <i>Related Party Disclosures</i>; (c) Scope 3 GHG emissions – to omit paragraph AusB39.1 of [draft] ASRS 2, which proposed to permit an entity to measure and disclose its Scope 3 GHG emissions using data for the immediately preceding reporting period if reasonable and supportable data related to the current reporting period is unavailable; (d) financed emissions – to require entities participating in financial activities of asset management, commercial banking or insurance to provide the additional and specific financed-emission disclosures set out in IFRS S2 paragraphs B59 and B61–B63, instead of requiring an entity to consider the applicability of those disclosures, as proposed in the related Aus paragraphs in the [draft] ASRS 2; and (e) the definition of ‘carbon credits’ – to adopt the IFRS S2 definition with no modification. The Board also decided that no changes were required to ASRS 2 in respect of which superannuation entities might be required to comply with the Standard (which is a matter

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for the Corporations Act) or the primary users of general purpose financial reports of superannuation entities.

[4.0](#) Cover Memo: Climate-related Financial Disclosures

[4.1](#) Staff Paper: Climate scenario analysis

[4.2](#) Staff Paper: Cross-industry remuneration disclosure

[4.3](#) Staff Paper: Scope 3 GHG emissions relief

[4.4](#) Staff Paper: Superannuation entities

[4.5](#) Staff Paper: Financed emissions (revised)

[4.6](#) Staff Paper: Carbon credits

6-7 June 2024 (M204)

Redeliberation on Exposure Draft

The Board commenced detailed discussion on the feedback received on [draft] ASRS 1 *General Requirements for Disclosure of Climate-related Financial Information* and [draft] ASRS 2 *Climate-related Financial Disclosures* exposed in Exposure Draft ED SR1 *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information* (October 2023).

The Board decided to:

- (a) prepare a non-mandatory ('voluntary') ASRS 1 that would cover sustainability-related financial disclosures, rather than limit ASRS 1 to climate-related risks and opportunities as a mandatory Standard – the voluntary Standard ASRS 1 would have the same scope as IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*;
- (b) prepare a mandatory ASRS 2 that would incorporate the necessary content presented in [draft] ASRS 1 to make ASRS 2 function as a standalone, climate-only Standard;
- (c) align ASRS 2 with the baseline of IFRS S2 *Climate-related Disclosures* without modification with respect to the following aspects of [draft] ASRS 2:
 - (i) the scope of [draft] ASRS 2 – to omit the clarification referring to climate change proposed in paragraph Aus3.1 in ED SR1;
 - (ii) cross-industry metrics – to retain the requirements set out in paragraphs 29(b)–29(f) of IFRS S2, as proposed in ED SR1;
 - (iii) measurement of greenhouse gas (GHG) emissions – to adopt the measurement hierarchy in IFRS S2, which permits an entity to use a different method to the GHG Protocol when required to do so by a jurisdictional authority or an exchange on which the entity is listed, instead

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- of requiring an entity to prioritise relevant methodologies in NGER Scheme legislation, as proposed in ED SR1;
- (iv) definition of greenhouse gases – to retain the IFRS S2 definition as the seven greenhouse gases listed in the Kyoto Protocol, as proposed in ED SR1;
 - (v) CO₂ equivalent conversion for GHG emissions – to adopt the requirements in IFRS S2 (paragraphs B21 and B22) to use the global warming potential (GWP) values from the latest IPCC assessment available at the reporting date, instead of the IPCC 5th assessment as proposed in ED SR1. The Board noted that if an entity uses appropriate emission factors that have already converted the constituent gases into CO₂ equivalent values (e.g. the Australian National Greenhouse Accounts Factors), the entity would not be required to recalculate the emission factors using GWP values from the latest IPCC assessment available at the reporting date;
 - (vi) Scope 2 GHG emissions – to omit the proposed requirement for an entity to disclose its market-based Scope 2 GHG emissions from the fourth year of applying ASRS 2. Under IFRS S2 (and ASRS 2), entities might provide information about their market-based Scope 2 GHG emissions if they consider it would be useful to the users of their climate-related financial disclosures, and for NGER reporters, if NGER Scheme legislation requires the reporting of market-based Scope 2 GHG emissions in the future; and
 - (vii) Scope 3 GHG emission categories – to require an entity to disclose the sources of its Scope 3 GHG emissions using the 15 categories in the GHG Protocol, as set out in IFRS S2.

The Board will address further aspects of the [draft] ASRS at future meetings. The Board formed a subcommittee to assist in progressing the drafting of ASRS 2 as a standalone Standard.

[5.0](#) Cover Memo: Climate-related Financial Disclosures

[5.1](#) Staff Paper: Non-mandatory ASRS 1

[5.2](#) Staff Paper: Scope of [draft] ASRS 2

[5.3](#) Staff Paper: Cross-industry metrics

[5.4](#) Staff Paper: Measurement method for GHG

[5.5](#) Staff Paper: Definition of greenhouse gases

[5.6](#) Staff Paper: CO₂ equivalent conversion

[5.7](#) Staff Paper: Market-based Scope 2 GHG emissions

[5.8](#) Staff Paper: Scope 3 GHG emissions categories

**May 2024
(M203)**

Exposure Draft feedback

The Board gave initial consideration to a summary of the feedback received on Exposure Draft ED SR1 *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information*. The Board also discussed briefly the possibility of issuing ASRS 1 as a

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voluntary Standard covering general requirements for the disclosure of sustainability-related financial information rather than as the proposed mandatory Standard covering general requirements for the disclosure of climate-related financial information. Under such an approach, ASRS 2 would still be a mandatory Standard covering climate-related financial information. No decisions were made.

The Board will consider the feedback in more detail in future meetings.

[3.1](#) Staff Paper: Preliminary overview of stakeholder feedback on ED SR1

**April 2024
(M202)**

Revised project timeline

The Board decided to set an aspirational deadline to finalise its Australian Sustainability Reporting Standards on climate-related financial disclosures by the end of August this year, subject to the passage of the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024* through the Australian Parliament and completion of the analysis of the stakeholder feedback from the consultation process. The Board anticipates holding additional meetings as required to assist it to consider the issues and finalise the Standards.

[4.1](#) Staff Paper: Revised project timeline

**March 2024
(M201)**

Outreach update

The Board received a verbal update on the recent and extensive outreach activities related to ED SR1 *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information*, the comment period for which closed on 1 March 2024.

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October 2023 (M199)	Publication of Exposure Draft The Board approved publishing Exposure Draft ED SR1 <i>Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information</i> for a 120-day comment period closing 1 March 2024. ED SR1 is expected to be published shortly. ED SR1 will include three proposed Australian Sustainability Reporting Standards (ASRS Standards): (a) [draft] ASRS 1 <i>General Requirements for Disclosure of Climate-related Financial Information</i>, which is based on IFRS S1 <i>General Requirements for Disclosure of Sustainability-related Financial Information</i>; (b) [draft] ASRS 2 <i>Climate-related Financial Disclosures</i>, which is based on IFRS S2 <i>Climate-related Disclosures</i>; and (c) [draft] ASRS 101 <i>References in Australian Sustainability Reporting Standards</i>, a draft service Standard to list the relevant versions of any non-legislative documents published in Australia and foreign documents that are referenced in ASRS Standards Further to its decisions at its August 2023 meeting to modify the baseline of IFRS S1 and IFRS S2 for the ED, the Board decided to propose additional modifications in the [draft] ASRS 1 and [draft] ASRS 2 in the ED, including the following: (a) require an entity that determines that there are no material climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects to disclose this fact and explain how it came to this conclusion; (b) clarify that the scope of [draft] ASRS 2 is limited to climate-related risks and opportunities related to climate change and does not apply to other climate-related emissions (e.g. ozone depleting emissions) that are not greenhouse gas (GHG) emissions; (c) require an entity to convert greenhouse gases into a CO₂ equivalent value using the global warming potential values from the same Intergovernmental Panel on Climate Change assessment report as that applying under the Paris Agreement and the <i>National Greenhouse and Energy Reporting Act 2007</i> and related regulations (NGER Scheme legislation); (d) require an entity to prioritise applying relevant methodologies in NGER Scheme legislation as the default methodologies for measuring GHG emissions before referring to foreign measurement frameworks; (e) permit an entity to disclose Scope 3 GHG emissions measured using data for the immediately preceding reporting period, if reasonable and supportable data related to

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the current reporting period is not available to the entity at the reporting date without undue cost or effort; and

- (f) require an entity that would be required by the *Corporations Act 2001* to prepare climate-related financial disclosures to:
 - (i) undertake climate resilience assessments against at least two possible future states, one of which must be consistent with the most ambitious global temperature goal set out in the *Climate Change Act 2022* (i.e. 1.5°C above pre-industrial levels); and
 - (ii) disclose its market-based Scope 2 GHG emissions, with transitional relief for the first three annual reporting periods in which the entity applies [draft] ASRS 2.

The Board will review outreach plans of the staff to ensure that both for-profit entities and not-for-profit entities across Australia are given the opportunity to engage on the proposals in the ED.

September 2023 (M198) Exposure Draft

The Board discussed a draft Exposure Draft of its Climate-related Financial Disclosure Standards and decided on a 90-day public consultation period. The Exposure Draft is expected to be published in October 2023, following publication by Treasury of a Position Paper.

Due Process and Standard-Setting Frameworks

To support its ongoing work on developing Climate-related Financial Disclosure Standards for Australia, the Board discussed and finalised the AASB Due Process Framework for Setting Australian Sustainability Reporting Standards and the AASB Sustainability Reporting Standard-Setting Framework.

- [7.1](#) Staff Paper: Due Process and Standard-Setting Frameworks
- [7.2](#) [Draft] AASB Due Process Framework for Setting Australian Sustainability Reporting Standards
- [7.3](#) [Draft] AASB Sustainability Reporting Standard-Setting Framework

August 2023 (M197) Approach to Baseline of IFRS Sustainability Disclosure Standards – IFRS S1

The Board considered its approach to the baseline of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*. The Board agreed to maintain its preliminary decision to focus only on climate-related financial disclosure requirements at this stage and decided to develop a limited-scope Australian equivalent to IFRS S1 addressing general requirements for climate-related financial disclosures only.

Approach to Baseline of IFRS Sustainability Disclosure Standards – IFRS S2

For the purpose of developing an exposure draft of an Australian equivalent to IFRS S2 *Climate-related Disclosures*, the Board discussed and decided on the following topics:

- (a) Cross-industry greenhouse gas (GHG) emissions intensity disclosure requirements. While the Board acknowledged stakeholders' strong support for the cross-industry disclosure requirements, it agreed with the International Sustainability Standards Board's (ISSB) reasons for removing these disclosure requirements—in particular, the

Board agreed with the ISSB’s conclusion that users would have the information they needed to calculate the metric should they need to do so. Consequently, the Board decided to maintain alignment with the baseline of IFRS S2 and not re-introduce the cross-industry GHG emissions disclosure requirement that was proposed in paragraph 21 of [draft] IFRS S2.

- (b) Cross-industry internal carbon prices disclosure requirements. The Board acknowledged the mixed feedback it received from stakeholders on the proposed cross-industry internal carbon prices disclosure requirements in paragraph 21 of [draft] IFRS S2. In the absence of adequate evidence that supports removing the disclosure requirements, the Board decided to maintain alignment with the baseline of IFRS S2 and maintain the cross-industry carbon prices disclosure requirements in paragraph 29(f) of IFRS S2.
- (c) Cross-industry executive remuneration disclosure requirements. The Board acknowledged it had disagreed with the proposed cross-industry executive remuneration disclosure requirements when responding to the ISSB’s [draft] IFRS S2 and there is limited evidence that supports maintaining those disclosure requirements. It also noted that the term “executive” is not defined, used or well-understood in the Australian context. However, it concluded that at this stage the perceived benefits of aligning to the baseline of IFRS S2 outweigh the potential unintended consequences of introducing remuneration reporting requirements outside of existing regulatory requirements. Consequently, the Board decided to maintain the cross-industry executive remuneration disclosure requirements in paragraph 29(g) of IFRS S2 and:
 - (i) replace the undefined term “executive” with “key management personnel”, as defined in AASB 124 *Related Party Disclosures*, to avoid potential conflicts with existing regulatory requirements and avoid creating confusion; and
 - (ii) add a question into the exposure draft to gather more evidence about whether to maintain alignment to the baseline of IFRS S2 for these disclosure requirements.

[9.1](#) Staff Paper: Approach to baseline of IFRS S2—GHG emissions intensity

[9.2](#) Staff Paper: Approach to baseline of IFRS S2—Internal carbon prices

[9.3](#) Staff Paper: Approach to baseline of IFRS S2—Remuneration disclosure requirements

Approach to Baseline of IFRS Sustainability Standards – Non-authoritative Guidance

The Board deliberated its approach to the non-authoritative guidance accompanying the baseline of IFRS Sustainability Disclosure Standards. The Board decided that it will use feedback from the forthcoming exposure draft to identify what aspects of the Australian equivalent climate-related disclosure requirements need additional guidance to support implementation. Consequently, the Board decided to defer work on developing Australian equivalent guidance until after the Australian equivalent standards or requirements have been issued.

[7.1.0](#) Staff Paper: Approach to baseline of IFRS Sustainability Disclosure Standards—non-authoritative guidance

Approach to Baseline of IFRS Sustainability Disclosure Standards – SASB Standards and Industry-based Guidance

The Board considered its approach to references and requirements relating to the Sustainability Accounting Standards Board (SASB) Standards in the baseline of IFRS Sustainability Disclosure Standards, as well as the requirements relating to industry-based metrics adapted from the SASB Standards and included in accompanying industry-based guidance. The Board decided to maintain its preliminary decision to remove references to

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SASB from the baseline of IFRS Sustainability Disclosure Standards and not publish industry-based guidance until:

- (a) the content has been comprehensively internationalised by the ISSB; and
- (b) the content has undergone the AASB's due process.

The Board also decided to add an Australian-specific requirement to the IFRS S1 and IFRS S2 that would require an entity, when identifying material industry-based metrics against which to report, to use an industrial classification system that aligns with that developed by the Australian Bureau of Statistics.

[8.1](#) Staff Paper: Approach to baseline of IFRS Sustainability Disclosure Standards—SASB Standards and industry-based guidance

Approach to Baseline of IFRS Sustainability Disclosure Standards – Not-for-Profit Entity Considerations

The Board decided to incorporate the following modifications to the baseline of IFRS S1 and IFRS S2 in an exposure draft to support the application of climate-related financial disclosure requirements for not-for-profit (NFP) entities in the private and public sectors in Australia:

- (a) clarify the ISSB's concepts of "the entity's prospects" and "business model" so that NFP entities would be required to consider the effect of climate-related risks and opportunities on "the entity's ability to further its objectives over the short, medium and long term";
- (b) modify the definitions of "climate-related physical risks" and "climate-related transition risks" to clarify that those risks could also affect a not-for-profit public sector entity's ability to further its objectives; and
- (c) clarify that, consistent with paragraph B10 of IFRS S1, an NFP entity need not undertake an exhaustive search for information to identify climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects. However, an NFP entity would be required to use all reasonable and supportable information available to the entity at the reporting date without undue cost or effort in preparing material climate-related financial information.

The Board decided that the exposure draft should make references to the *Conceptual Framework for Financial Reporting* (for for-profit entities) and the *Framework for the Preparation and Presentation of Financial Statements* (for NFP entities) instead of replicating the definitions of "general purpose financial reports", "primary users of general purpose financial reports" and "material information" in the draft standards.

The Board also decided to formally respond to the exposure draft that the IPSASB is expected to issue in 2024 relating to its Climate-Related Disclosures project. The Board will deliberate, after it has considered the results of the IPSASB's project, the need to undertake a domestic project to develop requirements for NFP public sector entities to report the effect of climate-related risks and opportunities, and related government policies, on the Australian economy, environment and people (i.e. climate-related impact reporting).

[10.1](#) Cover Memo: Approach to IFRS S1 and IFRS S2 – NFP considerations

[10.2](#) Staff Paper: Staff suggested modifications to IFRS S1 and IFRS S2 to support sector neutrality

[10.3](#) IPSASB's Climate-Related Disclosures project brief

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June 2023 (M196)	The Board decided to expand the scope of the Climate-related Financial Disclosure project, previously limited to the for-profit sector, to explore the development of sector-neutral Australian climate-related financial disclosure requirements. 3.0 Staff Paper: Scope of the Climate-related Financial Disclosure project
March 2023 (M194)	The Board supported the Climate-related Financial Disclosure project plan, which included a revised project timeline reflecting the recent change to the ISSB's timeline for completing its first IFRS Sustainability Disclosure Standards. The Board acknowledged the support amongst stakeholders for the development of industry-based requirements and considered how to address the proposed requirements that had been referred to in Appendix B to [Draft] IFRS S2 <i>Climate-related Disclosures</i>, incorporated in AASB ED 321. The Board noted the complexities and challenges associated with the Appendix B industry-based disclosure requirements being based on and referring to SASB (the former Sustainability Accounting Standards Board) industry classifications and associated Standards. The Board decided to remove references to SASB Standards from its baseline of IFRS Sustainability Disclosure Standards and not to publish industry-based illustrative examples until: (a) the content has been comprehensively internationalised by the ISSB; and (b) the content has undergone the AASB's due process in Australia. This decision will be revisited by the Board after the ISSB issues IFRS S2 and its accompanying guidance, which is now expected in June 2023, and additional industry-based materials. 16.1 Staff Paper: Climate-related Financial Disclosure project plan 16.2 Staff Paper: Approach to SASB Standards and the industry-based proposals in Appendix B to [Draft] IFRS S2

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February 2023 (M193)

To address the demand for climate-related financial disclosure requirements while permitting the Board sufficient time to redeliberate its approach to broader sustainability reporting, the Board supported a “climate first” approach and decided to add a separate project to the Board’s work program to develop climate-related financial disclosure requirements for Australia.

The Board also decided to continue applying the preliminary decisions made at its February 2022 (M185) and April 2022 (M186) meetings and the [draft] Sustainability Reporting project plan to its work on developing climate-related financial disclosure requirements. Those decisions are:

- (a) to develop a separate suite of sustainability reporting standards alongside the existing Australian Accounting Standards, and address climate as the first sustainability reporting topic;
- (b) to use the work of the IFRS Foundation’s International Sustainability Standards Board (ISSB) as a foundation, with modifications for Australian matters and requirements;
- (c) to focus initially on the development of reporting requirements for sustainability-related financial information, which is consistent with the scope of the ISSB’s work;
- (d) the initial scope of the project relates to the for-profit sectors, with not-for-profit sectors being considered at a later stage; and
- (e) to apply its existing Due Process Framework for Setting Standards to preliminary work on the Sustainability Reporting project.

As part of its discussion on a draft project plan, the Board identified additional risks to project delivery for inclusion in the Climate-related Financial Disclosure project plan, including:

- (a) further delays in the International Sustainability Standards Board (ISSB) issuing its sustainability and climate-related financial disclosure standards; and
- (b) climate-related financial disclosures not being operational for other sectors or types of entities (for example, not-for-profit public and private sector entities or small-to-medium sized entities).

The Board decided to implement the Climate-related Financial Disclosure project plan, subject to a revised project timeline reflecting the recent change to the ISSB’s timeline. The Board will consider an updated Climate-related Financial Disclosure project plan at its next meeting.

[5.1](#) Cover memo: Sustainability Reporting and Climate-related Financial Reporting

[5.2](#) Developing climate-related financial reporting requirements for Australia

[5.3.0](#) [Draft] Climate-related Financial Reporting project plan

[5.3.1](#) GRI 305 Emissions 2016 *[Supporting Material]*

[5.3.2](#) GRI 302 Energy 2016 *[Supporting Material]*